USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

Required Report - public distribution

Date: 4/14/2014

GAIN Report Number:

Senegal

Cotton and Products Annual

2014 West Africa Cotton and Products

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Report Highlights:

Post anticipates that seed cotton production for MY 2014/15 will only increase by 3 percent compared to the preceding year. Seed cotton production for MY 2013/14 increased by 2 percent (1.58 million tons) from the previous year due to a difficult rainy season which started late and stopped early for selected countries. Burkina Faso continues to be the leader (at 645,000 tons) followed by Mali (440,000 tons), and Cote d'Ivoire (385,000 tons). However, Cote d'Ivoire

MY 2013/14 cotton production rose 8 percent followed by Burkina Faso (2 percent) while Mali cotton production dropped (by 2 percent) as well as Chad (4 percent), and Senegal (9 percent) compared to last season. The Government of Cote d'Ivoire finally announced in February 2014 that it would contribute $14 million in MY 2013/14 towards fertilizers and urea.

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Executive Summary:

The MY 2013/14 (Aug/July) cotton crop for selected West African countries is projected to grow by only 2 percent (1.58 million tons) compared to the preceding year due to drought conditions at the start of planting. This quantity falls 6 percent below Post's November 2013 forecast.

Burkina Faso will remain the top producer in the region with a seed cotton production of 645,000 tons followed by Mali (440,000 tons), Cote d'Ivoire (385,000 tons), Chad (84,000 tons), and Senegal (29,000 tons). (See Table 1)

However, Cote d'Ivoire has 8 percent growth in MY 2013/14 cotton production followed by Burkina Faso (2 percent) while Mali production dropped (by 2 percent) as well as Chad (4 percent) and Senegal (9 percent) compared to last season.

Mali anticipates producing 520,000 tons in MY 2014/15, but Post more conservatively forecasts 450,000 tons at the same quantity as for MY 2012/13 when rains and prices were favorable, thereby encouraging farmers to grow more.

All input and farm gate prices stayed the same as given in the previous update cotton report with the exception of Cote d'Ivoire which announced in February 2014 that it would contribute $14.0 million in subsidized fertilizer and urea.

Post anticipates seed cotton production for MY 2014/15 at 1.63 million tons, a 3 percent increase compared to the previous year.

MY 2014/15 farm gate and input prices for all selected countries have not been announced yet.

MY2013/14 cotton update for selected West African countries

Burkina Faso

Production

Burkina Faso forecasts total seed cotton production of 645,000 tons in MY 2013/14. Overall production is managed by three cotton processing companies: *Societe Burkinabe des Fibres Textiles* -SOFITEX (500,000 tons); SOCOMA (104,000 tons); and FASO COTON (38,000 tons). This production represents a reduction of 9 percent from their previous forecast due to a month delay of rains. Nevertheless, Burkina Faso is expected to produce in MY 2013/14 two percent more than the previous year.

Area harvested is estimated at 645,000 hectares, a yield of 0.9 tons/ha. Fortunately, rains stopped late so most plants had enough time to mature.

GOBF has not yet announced the forecast for MY 2014/15, but Post anticipates seed cotton production at 660,000 tons, a two percent increase.

SOFITEX, the largest cotton processing company, signed a financial agreement in January 2014 of $150,000 with local banks to finance the MY201314 campaign for collection, transportation, and processing seed cotton. This support from the bank will allow SOFITEX to pay farmers in record time.

Biotechnology Update

For MY 2013/14, Bt cotton accounted for 69 percent of the area planted, 29 percent increase compared to the last campaign.

Mali

Production

The rainy season started in July, on month later than usual, and it was not well distributed. In July and August, rains were abundant but stopped prematurely in September. Therefore, area harvested decreased, but yields increased compared to the previous year due to regular rains during the developmental stage. The initial target for MY 2013/14 was not met, but Mali seed cotton production is estimated to reach 440,000 representing a slight decrease (2 percent) compared to the preceding year.

Yield is expected to reach 0.9 tons per hectare in MY 2013/14 compared to 0.8 tons per hectare last year.

For MY 2014/15, the CMDT anticipates a seed cotton production of 520,000 tons, but Post forecasts MY 2014/15 seed cotton production at 450,000 tons.

There is no further development on the privatization process. However, farmers are willing to increase their share from 20 percent to 40 percent. Post met with the CMDT representative who stated he would be more willing to increase farmers share than sell the company to private investors as farmers are the ones hard at work at the start of the value chain and deserve the credit of increased ownership. Apparently, the GOM prefers to rethink the idea of privatization since neighboring cotton producing countries have not given ringing endorsements.

Post has been told that a Chinese company is interested in producing cotton in the North outside of the CMDT zone. However, it’s too early to consider this investment opportunity as the move towards privatization has stalled.

The General Director of CMDT stated that it might be better to consider how to add more value to cotton rather than purely focus on increasing production.

Post asked what type of capacity building would be appreciated by the cotton sector. It was told that cotton classification training would be needed for both farmers and processors so all parties can better understand the process in the interest of transparency. This training could enhance the image that the international community has towards African cotton which some say is contaminated, despite Mali’s cotton receiving high marks for quality and even held training for other West African cotton producing countries on cotton classification.

Malian farmers are interested in producing Bt cotton, but its biosafety law needs to be revised to facilitate this. It is requesting the help of African Biosafety Network of Expertise (ABNE) to help them work revising their biosafety law.

Cote d'Ivoire

Production

Cote d'Ivoire could produce 385,000 tons of seed cotton in MY 2013/14, an 8 percent increase from last season. Harvested area may reach 357,000 hectares, 3 percent more than MY 2012/13 and 40 percent more from MY 2011/12.

However, the initial target decreased 4 percent (400,000 hectares) due to a difficult start of the rainy season.

Yield is expected at 1,077 kg/hectare, the same level as the preceding year.

Cotton farmers have already received 95 percent of payments.

Ginning activity started in November 11, 2014 and the five Ivorian ginning companies already processed 76 percent of the seed cotton. Activity took place in 13 ginning factories.

A new office for cotton classification will be operational in March 2014. This new infrastructure will promote the label and the value added of the Ivorian cotton fiber. The rehabilitation and the new equipment were financed by the European Union for $1.2 million. The United Nations Industrial Development Organization (ONUDI) provided technical assistance. GOCI has entrusted the management to INTERCOTON.

Post anticipates a 4 percent growth for MY 2014/15 seed cotton production.

Privatization

Following the reform of all agricultural sectors in Cote d'Ivoire, the cotton sector has been reorganized with a new association which includes producers, ginners, seed cotton crushers, and textile actors. The name will still be the same as the former one (Intercoton- Association Interprofessionnelle de la Filiere Coton). In December 2014, Cotton producers formed their federation which regroups unions of cooperatives (Yebewogon, UFACOCI, and URECOS-CI).

Pricing

On February 2014, GOCI contributed a total of $14.0 million towards subsidized fertilizers and urea. Actual subsidized input prices are:

- Fertilizers: 13,330 FCFA ($26.6) per 50 kg bag representing 24 percent less than initial announced prices 16,500 F CFA ($33)

- Urea: 11,500 F CFA ($23) per 50 kg bag, a drop of 19 percent compared to initial price(14,250 F CFA - $28.5) (See Table 3)

Senegal

For MY 2013/14, Senegal produces 29,000 tons of seed cotton declining 6 percent from the initial target and 9 percent from the preceding year due to dry conditions at planting time. Senegal harvested area is estimated at 32,000 ha. With the difficult rainy season, yield fell about10 percent (0.89 tons/ha).

SODEFITEX, the main cotton processing company, has a budget of $8.3 million to finance the MY2013/14 campaign. So far, 93 percent of cotton farmers have been paid.

The International Trade Center (ITC) organized a visit for spinners from India and Bangladesh, and international traders at the SODEFITEX in February 2014. The purpose of the visit was to promote African cotton for its quality and cleanliness in order to receive a better selling price. A round table was organized in which West African cotton processing companies participated as well as Chadian. The promotion of African cotton is an activity funded by the European union

Post forecast that seed cotton production for MY 2014/15 will remain at the same level (30,000 tons) compared to the previous year.

Chad

Chad forecasts a seed cotton production for MY 2013/14 of 84,000 tons, representing a 4 percent decline compared to the previous year. Rains started late and stopped earlier than expected in October while cotton plants did not have enough time to reach maturity. Yield decrease also two percent compared to the preceding year (0.409 tons/ha vs. 0.487 tons/ha).

Farmers are complaining about the low weight of seed cotton due to a non-maturity of the cotton bolls.

Table 1:   Seed Cotton Production: MY 2012/13 – MY 2014/15 (Aug-Jul)

Selected Countries	**2012/13** USDA Official Production (000 Bales)	**2013/14** Post November Updated Data Production (000 Bales)	**2014/15** Post Forecasted Data Production	**2012/13** USDA Official Production (000 Tons)	**2013/14** Post November Updated Data Production (000 Tons)	**2014/15** Post Forecasted Data Production
Burkina Faso	1216	1245	1274	630	645	660
Mali	869	849	869	450	440	450
Cote d'Ivoire	685	743	772	355	385	400
Chad	170	162	174	88	84	90
Senegal	62	56	58	32	29	30
Total	**3,001**	**3,055**	**3,146**	**1,555**	**1,583**	**1,630**

(*Source: FAS Dakar estimates and official country data)*

****1 Bale = 480 lbs***

Table 2: Official Farm Gate Price for First Quality Seed Cotton: MY 2011/12 – MY 2013/14

Selected Countries	**Official 2011/12 Farm Gate Price for First Quality (F CFA)**	**Official 2012/13 Farm Gate Price for First Quality (F CFA)**	**Official 2013/14 Farm Gate Price for First Quality (F CFA)**
Burkina Faso	274 ($0.55)	253 ($0.45)	235 ($0.47)
Mali	275 ($0.55)	255 ($0.51)	250 ($0.50)
Cote d'Ivoire	265 ($0.53)	265 ($0.53)	250 ($0.50)
Chad	215 ($0.43)	215 ($0.43)	240 ($0.48)
Senegal	255 ($0.51)	255 ($0.51)	255 ($0.51)

(*Source: Official sources;* $1= 500 F CFA; F CFA per kg)

Table 3: Official Input Price (Fertilizer and Urea) MY 2011/12 – MY 2013/14

Selected Countries	**Official 2011/12 Input Price (F CFA)**	**Official 2012/13 Input Price (F CFA)**	**Official 2013/14 Input Price (F CFA)**
Burkina Faso	Fertilizer: 16,748 F ($33.50) Urea: 18,445 F ($36.89)	Fertilizer: 13,500 F ($27) Urea: 15,500 F ($31).	Fertilizer: 15,000 ($31) Urea: 15,500 F ($31).
Mali	Fertilizer: 12,500 F ($25) Urea: 12,500 F ($25)	Fertilizer: 12,500 F ($25) Urea: 12,500 F ($25)	Fertilizer: 12,500 F ($25) Urea: 12,500 F ($25)
Cote d'Ivoire	Fertilizer: 17,500 F ($38.89) Urea: 16,000 F ($35.56)	Fertilizer: 14,000 F ($28) Urea: 12,800 F ($26)	Fertilizer: 13,330 F ($26.6) Urea: 11,500 F ($23)
Chad	Fertilizer: 15,000 F ($33.34) Urea: 14,000 F ($31.12)	Fertilizer: 15,000 F ($30) Urea: 14,000 F ($28)	Fertilizer: 16,000 F ($32) Urea: 15,000 F ($30)
Senegal	Fertilizer: 9,000 F ($18) Urea: 9,000 F ($18)	Fertilizer: 9,000 F ($18) Urea: 9,000 F ($18)	Fertilizer: 9,000 F ($18) Urea: 9,000 F ($18)

(*Source: Official sources;* $1= 500 F CFA; F CFA per kg)

Production, Supply and Demand Data Statistics

Burkina Faso	**2012/2013**		**2013/2014**		**2014/2015**
	Market Year Begin: Aug 2012		**Market Year Begin: Aug 2013**		**Market Year Begin: Aug 2014**
	USDA Official	**New Post**	**USDA Official**	**New Post**	**New Post**
Area Harvested	580	630	575	730	645
Beginning Stocks	286	286	307	272	286
Production	1,175	1,216	1,125	1,244	1,274
Imports	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0
Total Supply	1,461	1,502	1,432	1,516	1,560
Exports	1,150	1,200	1,100	1,200	1,250

Use	4	30	4	30	30
Loss	0	0	0	0	0
Total Dom. Cons.	4	30	4	30	30
Ending Stocks	307	272	328	286	280
Total Distribution	1,461	1,502	1,432	1,516	1,560

Chad	**2012/2013**		**2013/2014**		**2014/2015**
	Market Year Begin: Aug 2012		**Market Year Begin: Aug 2013**		**Market Year Begin: Aug 2014**
	USDA Official	**New Post**	**USDA Official**	**New Post**	**New Post**
Area Harvested	200	200	200	205	206
Beginning Stocks	43	43	38	37	24
Production	160	170	185	162	174
Imports	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0
Total Supply	203	213	223	199	198
Exports	150	166	160	165	160
Use	15	10	15	10	10
Loss	0	0	0	0	0
Total Dom. Cons.	15	10	15	10	10
Ending Stocks	38	37	48	24	28
Total Distribution	203	213	223	199	198

Cote d'Ivoire	**2012/2013**		**2013/2014**		**2014/2015**
	Market Year Begin: Aug 2012		**Market Year Begin: Aug 2013**		**Market Year Begin: Aug 2014**
	USDA Official	**New Post**	**USDA Official**	**New Post**	**New Post**
Area Harvested	375	375	400	440	357
Beginning Stocks	218	218	263	153	99
Production	695	685	650	716	772
Imports	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0
Total Supply	913	903	913	869	871
Exports	600	700	600	720	730

Use	50	50	50	50	50
Loss	0	0	0	0	0
Total Dom. Cons.	50	50	50	50	50
Ending Stocks	263	153	263	99	91
Total Distribution	913	903	913	869	871

Mali	**2012/2013**		**2013/2014**		**2014/2015**
	Market Year Begin: Aug 2012		**Market Year Begin: Aug 2013**		**Market Year Begin: Aug 2014**
	USDA Official	**New Post**	**USDA Official**	**New Post**	**New Post**
Area Harvested	523	380	530	488	454
Beginning Stocks	302	302	282	246	170
Production	880	869	940	849	869
Imports	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0
Total Supply	1,182	1,171	1,222	1,095	1,039
Exports	875	900	875	900	910
Use	25	25	25	25	25
Loss	0	0	0	0	0
Total Dom. Cons.	25	25	25	25	25
Ending Stocks	282	246	322	170	104
Total Distribution	1,182	1,171	1,222	1,095	1,039

Senegal	**2012/2013**		**2013/2014**		**2014/2015**
	Market Year Begin: Aug 2012		**Market Year Begin: Aug 2013**		**Market Year Begin: Aug 2014**
	USDA Official	**New Post**	**USDA Official**	**New Post**	**New Post**
Area Harvested	35	35	32	32	34
Beginning Stocks	15	15	17	12	11
Production	62	62	60	56	58
Imports	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0
Total Supply	77	77	77	68	69
Exports	40	60	40	55	55

Use	20	5	20	2	2
Loss	0	0	0	0	0
Total Dom. Cons.	20	5	20	2	2
Ending Stocks	17	12	17	11	12
Total Distribution	77	77	77	68	69

Acronyms

ABNE	*African Biosafety Network of Expertise*
CMDT	*Compagnie Malienne pour le Développement des Textiles*
FASOCOTON	*Third Cotton processing Company in Burkina Faso*
GOCI	*Government of Cote d'Ivoire*
INTERCOTON	*Association Interprofessionnelle de la Filiere Coton*
ITC	*The International Trade Centre*
ONUDI	*The United Nations Industrial Development Organization*
SOCOMA	*Société Cotonnière du Gourma*
SOFITEX	*Société des Fibres Textiles*
SODEFITEX	*Société de Développement et des Fibres Textiles*
UFACPOCI	*Union Faitiere des Cooperatives de CotedD`Ivoire*
URECOS-CI	*Union Régionale des Entreprises Coopératives de la Zone des Savanes de Cote d'Ivoire*